

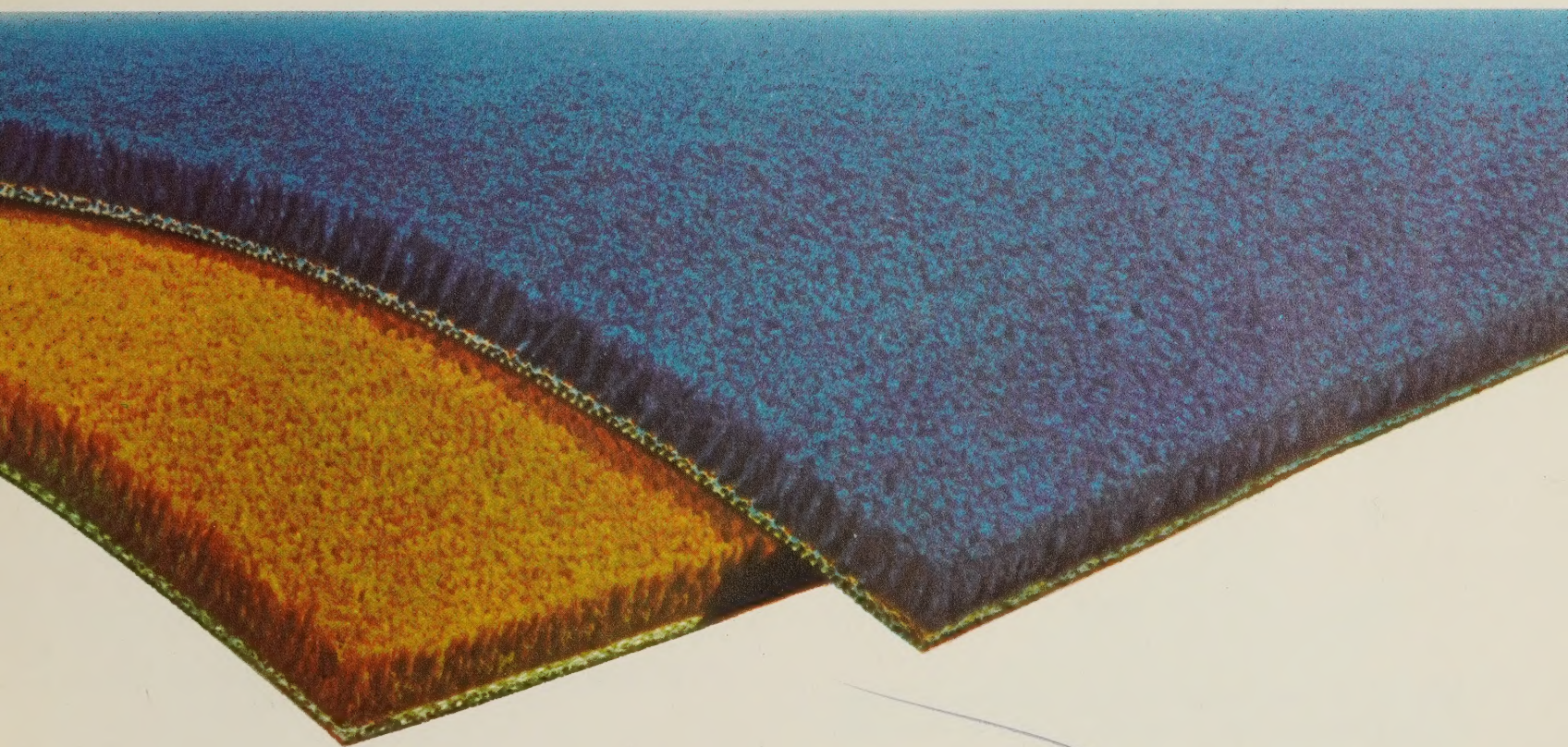
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*Lee P*

# 1966

THIRTY - NINTH

## ANNUAL REPORT



**HARDING**  **CARPETS**  
LIMITED



# DIRECTORS AND OFFICERS

## DIRECTORS

**CHARLES V. BANKS,** Brantford  
*Vice-President (retired), Harding Carpets Limited*

**FRANCOIS E. CLEYN,** Huntingdon, P.Q.  
*President, Cleyn & Tinker, Ltd.*  
*Director, The Halifax Insurance Company*

**C. GORDON COCKSHUTT,** Brantford  
*President, Cockshutt Securities Limited*  
*Director, Canada Permanent Trust Company*

**ALBERT DAVIDSON, C.A.,** Brantford  
*Executive Vice-President, Harding Carpets Limited*

**C. MALIM HARDING, O.B.E.,** Brantford  
*President, Harding Carpets Limited*  
*Director, The Toronto-Dominion Bank*

**FRANK D. LACE, D.S.O., O.B.E.,** Toronto  
*President, Matthews & Company Limited*  
*Director, The Overland Express Limited*

**HUGH J. McLAUGHLIN, Q.C.,** Toronto  
*Partner, McLaughlin, May, Soward, Morden & Bales*  
*Chairman of the Board, Victoria & Grey Trust Company*

**WILLIAM H. YOUNG,** Hamilton  
*President, The Hamilton Cotton Company Limited*  
*Director, Cosmos Imperial Mills Ltd.*

## OFFICERS

**C. MALIM HARDING**  
*President*

**ALBERT DAVIDSON**  
*Executive Vice-President*

**HUGH J. McLAUGHLIN**  
*Vice-President*

**ERNEST C. CARTER**  
*Vice-President, Marketing*

**J. W. ROSS CALDWELL**  
*Secretary-Treasurer*

Head Office ..... Brantford, Ontario

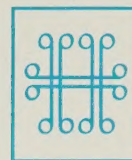
Stock Exchange Listings ..... Montreal Stock Exchange  
Toronto Stock Exchange

Transfer Agent and Registrar .. Montreal Trust Company  
Toronto and Montreal

Bankers ..... The Royal Bank of Canada

Shareholders' Auditors ..... Price Waterhouse & Co.

*The Annual and Special General Meeting of Shareholders will be held on February 8, 1967 at 11:00 a.m. at the Head Office of the Company.*



## COMPARATIVE HIGHLIGHTS

	Years Ended October 31	
	<u>1966</u>	<u>1965</u>
Sales .....	\$22,089,406	\$19,349,860
Net income .....	1,760,968	1,677,524
Earnings per share		
Common and Class A .....	2.24*	2.16
Dividends paid per share		
Common and Class A .....	0.80	0.65
Shareholders' equity per share		
Common and Class A .....	10.55	8.76
Capital expenditures .....	3,044,703	1,402,429
Depreciation .....	531,107	425,767
Working capital .....	6,269,643	7,186,656
Ratio of current assets to current liabilities .....	2.1 to 1	3.2 to 1
Salaries, wages and employee benefits .....	4,800,139	3,708,389
Number of employees .....	941	855
Number of shareholders .....	2,230	2,090

\*Does not include non-recurring profit of 21¢ per share.





## LETTER TO SHAREHOLDERS

In 1966, the Company enjoyed the biggest and best year in its history. Earnings of \$2.24 per share before the non-recurring profit of 21¢ per share arising from the sale of investments show a small increase over last year.

Sales for the second half of 1966 were down from the very high level that prevailed in the first half and this was particularly felt in the third quarter. Fourth quarter sales recovered sufficiently to show an increase over the fourth quarter of last year. Earnings in the last half year were lower than expected due to the decrease in volume, starting up expenses in the automotive carpet plant and the write-down of inventories caused by lower raw material prices.

The true measure of progress made in 1966 will only be evident in subsequent years. The expansion of facilities and the start up of new operations will provide a broader base for growth potential on which future earnings will depend. Very considerable progress has been made on our current expansion program which is proceeding according to schedule. The new automotive carpet plant commenced shipments in July of this year and the new Collingwood plant is scheduled to begin operations in the second quarter of our 1967 year.

In the financial review which follows, reference is made to additional financing which has been arranged for 1967. Also announced is the intention of your directors to submit for the approval of shareholders a plan to subdivide the present authorized and outstanding capital stock on a two for one basis. Both of these developments are in keeping with the needs and growth of the Company.

The outlook for the year ahead is more uncertain than a year ago. Government monetary policy has undoubtedly had the effect of slowing down the pace of business in the last half of 1966. Opinion seems to be that this condition will continue into 1967 and that there will not be the same rate of growth in the Canadian economy that has been experienced in recent years. While there may be some uncertainty ahead, we do look forward with undiminished confidence to the long term opportunities in the carpet industry and an increase in sales for 1967.

It is with great pride that we recognize the contribution of all employees who have made possible the dynamic growth of this Company. Our sincere appreciation goes to them and to our shareholders and customers for their loyalty and support.

The annual meeting of the Company will be held at the Head Office on February 8, 1967 and we look forward to welcoming as many shareholders as possible at that time.

Respectfully submitted,

December 19, 1966

President



# FINANCIAL REVIEW

Consolidated net income from operations of \$1,760,968 shows an increase of 5% over 1965. This represents earnings on both the common and Class A shares of \$2.24 compared to \$2.16 last year. In addition this year, there is shown separately on the Consolidated Statement of Income the non-recurring profit less applicable income taxes on sale of shares and debentures in Newlands-Harding Yarns Limited amounting to \$163,392 or an additional 21¢ per share. The showing of this non-recurring profit separately is a change from the half year statement when it was included in the income for the period.

L. & G. Floor Coverings Ltd. enjoyed a very satisfactory year and contributed to consolidated earnings for the full year compared to only half the year in 1965. The profits of Harding Brantford Limited being exempt from income tax under the designated area legislation provided added benefit to earnings. This exemption from tax expires August, 1967.

Expenses of starting up the automotive carpet plant have been absorbed in the past year. Wool and other raw material prices have declined resulting in a write-down of inventories being charged to operations.

Inventories of \$6,725,074 show an increase of \$1,710,431 largely due to an improvement in the stock of finished goods which was unusually low at the end of last year. In addition, the increase reflects the inventory requirements of the new automotive carpet operation.

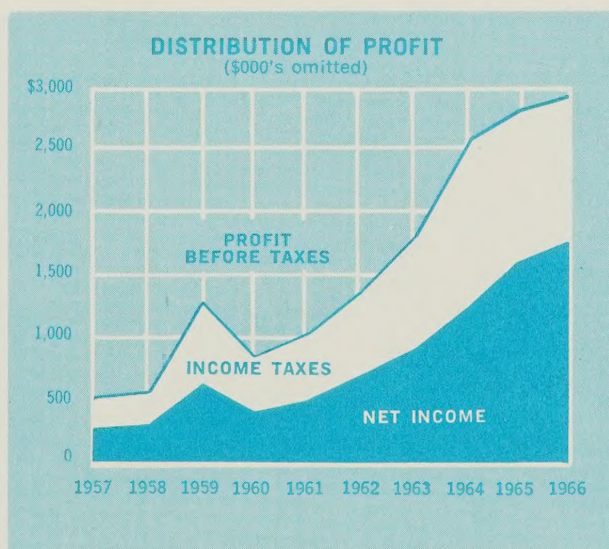
For the Collingwood operation a new company, Harding Carpets (Collingwood) Limited, has been formed to qualify for tax benefits under the designated area legislation. The

tax exemption for this company will apply for three years from March, 1967. During 1966, expenditures at Collingwood were only of a capital nature for plant and equipment.

Dividends paid on both classes of shares for the year totalled 80¢ compared to 65¢ in 1965. A dividend of 20¢ per share on the common and Class A stock has been declared payable January 2nd, 1967.

The working capital of \$6,269,643 at October 31st, 1966, shows a decrease of \$917,013 for the year. The decrease is mainly attributable to the substantial capital expenditures under the expansion program. The factors affecting working capital are shown on the Statement of Source and Use of Funds on page 12.

To finance the current expansion, including expenditures of L. & G. Floor Coverings





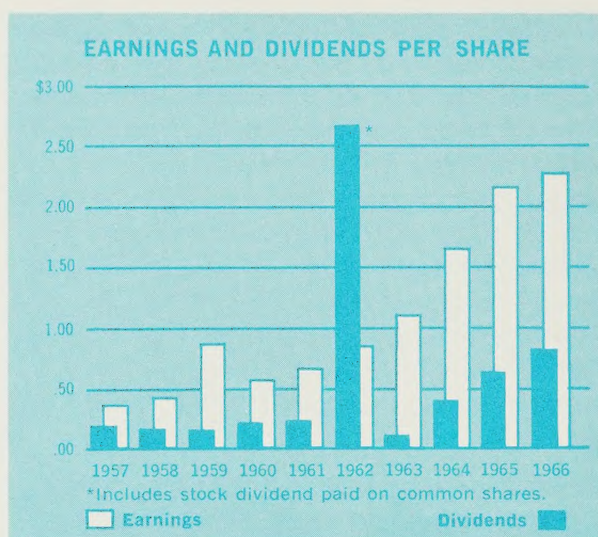
## FINANCIAL REVIEW (continued)

Ltd., a second series of debentures of \$2,500,000 has been sold with delivery to take place February 1st, 1967. These are 6<sup>7</sup>/<sub>8</sub>% sinking fund debentures series "B", maturing

covered \$180,000 previously written off this investment and in addition, realized a profit on sale of the shares. After allowing for income taxes, the full benefit of \$163,392 or 21¢ per share has been taken this year and shown as a non-recurring profit.

In conjunction with the annual meeting of the Company to be held on February 8, 1967, a special general meeting of shareholders will be held to consider and if deemed advisable confirm a special resolution of the directors authorizing application for supplementary letters patent to subdivide each common and Class A share on a two for one basis.

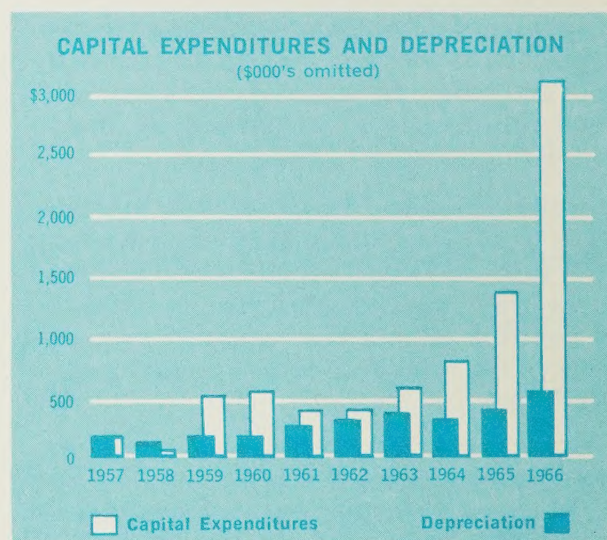
On December 19th, 1966, the Board of Directors declared a quarterly dividend of 24¢ per share payable April 1st, 1967, on the common and Class A shares. Provided the shareholders confirm the subdivision of the common and Class A stock, the dividend of 24¢ per share will be half the amount so declared or 12¢ on each subdivided share.



February 1st, 1987. They will be issued under the same Deed of Trust as the series "A" debentures and were sold at 99<sup>1</sup>/<sub>2</sub>.

The operations of our automotive plant have enabled us to qualify for a loan of \$1,500,000 from the Adjustment Assistance Board of the federal government. This loan will assist the expansion of our automotive carpet operation made possible by the Canadian-U.S. Auto Pact. This loan should be received early next year, will bear interest at 6% and be repayable in semi-annual installments commencing October 15th, 1967.

In 1966, negotiations were completed for the sale of the minority interest in Newlands-Harding Yarns Limited. While final payment will not be received until 1968, we have re-





# OPERATIONS REVIEW

Capital expenditures of \$3,044,703 included the completion of the automotive carpet plant, some expenditures on the new Collingwood plant, a building addition to the main Brantford plant, extensive additions to our boiler plant and electrical sub-stations in Brantford, along with additional tufting, dyeing and spinning equipment.

Expenditures on plant and equipment is expected to reach \$3,800,000 in 1967 which will include the completion of the building and equipment for the Collingwood plant and a new warehouse for L. & G. Floor Coverings Ltd. in Toronto.

The Collingwood plant, situated on a 45 acre property, will cover 158,000 square feet and is expected to be ready for production during the second quarter of 1967. With the latest type of spinning and tufting equipment, it will be the most modern carpet plant in Canada. Operations will be conducted under the name Harding Carpets (Collingwood) Limited because of income tax regulations under the designated area legislation. These benefits will continue for three years from the date of commencement of operations. We feel the choice of location is an excellent one for the Company and that the operation will contribute to the development of this attractive area.

Progress has been made in our automotive carpet operation with the greater portion of start up costs being absorbed in the past

year's results. Shipments for the 1967 models started in July. We are looking forward to increased volume next year, a better utilization of our existing plant, further expansion and a worthwhile contribution to our overall operations. Apart from the actual operations in the automotive plant, additional volume is provided for the tufting and piece dyeing operations in the main Brantford plant and yarn will be supplied later on by Collingwood.

At the year end, the employment totalled 941, showing an increase of 86 for the year. There are 68 employees who have completed at least 25 years of service.

Two collective agreements were signed during 1966 and there are three due for re-negotiation in 1967. The effect of these wage increases, as has been experienced by so many industries in Canada, will reflect significantly in our costs. Every effort is being made to increase our productivity to enable us to more effectively absorb these extra labour costs.

Growth of the Company requires an increase in management personnel at all levels. When possible, these requirements are being met from within the Company. However, it has been necessary to recruit from outside sources as well. Key personnel for the new Collingwood plant are now on staff and preparations are underway for the installation of equipment and training of the work force.

## CANADIAN MARKET

	Total Sq. Yds. (000's)	% of total supplied by Canadian Mills	Consumption per Household (square yards)			Canadian Net Disposable Income Per Capita
			Canada	U.K.	U.S.A.	
1957	6,573	53	1.65	3.26	3.54	\$1,281
1958	7,305	64	1.78	3.45	3.71	1,340
1959	8,151	66	1.89	3.80	4.14	1,370
1960	8,964	73	2.03	3.92	4.19	1,402
1961	10,397	79	2.32	3.90	4.43	1,425
1962	10,764	84	2.34	4.07	5.01	1,513
1963	11,898	87	2.47	4.78	5.46	1,580
1964	15,298	87	3.10	5.43	6.21	1,632
1965	17,910 (est.)	87	3.69	5.54	6.98	1,769
% increase 1965/1957	173%	64%	124%	70%	97%	38%



## MARKETING REVIEW

Sales reached a new high of \$22,089,406 to show an increase of 14% over last year. L. & G. Floor Coverings Ltd. sales are included for the full year 1966 and for only half the year in 1965.

Sales in the second half year of \$10,799,048 were down from \$11,290,358 in the first half. The second half year included a small amount of automotive carpet, but not sufficient to offset a slow third quarter in regular sales. Fourth quarter volume returned to the level of the second quarter. This slowdown would appear to have been caused by forced reduction of inventory at the distributor and retail levels because of credit restrictions. In addition there undoubtedly has been some slackening of consumer demand.

With regard to supply, our present capacity has not been sufficient for us to keep pace with the demand and at the same time build an adequate finished goods inventory to properly service our products. As new facilities come into production in 1967, this condition should improve.

A warehouse for the L. & G. Floor Coverings operation is now under construction in the vicinity of Malton Airport. The warehouse space of 68,000 square feet has been specially designed for carpet storage. Office and showroom space are being provided at the same location. The present facilities have become entirely inadequate for the volume of business now being handled. When L. & G. are located in their new premises by April, 1967, they will be in a position to serve more efficiently the large and growing market of Ontario.

We have referred in previous years to our efforts to develop an export volume. During the past year for the first time, shipments to markets outside of Canada have made some real progress and there is promise of a growing volume.

New broadloom lines for the domestic and commercial markets have been introduced in the past year in both Acrilan® and nylon. We are continuing our evaluation of other new man-made fibres now available to ensure our competitive position and leadership in the market. Through the creative effort of the designing staff, we have entered the field of

accent area rugs. These highly styled rugs are shown in the advertisement used for the back cover of this report. The market acceptance has been excellent for the initial introduction.

In keeping with the growth in volume, our marketing organization is being expanded. More specialization is necessary to develop the growing opportunities for the use of carpet in commercial installations. Schools also have become an important market for carpets.

Advertising has always played an important role in the promotion of our products thus strengthening our relationships at the retail level. The Harding name has become synonymous with quality and styling. To capitalize on this reputation, we have embarked on a new program to increase consumer awareness of this Harding image. The theme "There is a Guaranteed Difference in Harding Carpets" will be carried in various national media commencing early in 1967.

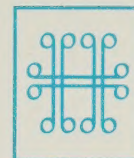
Our market is served through regional offices located in Halifax, Montreal, Toronto, Winnipeg and Vancouver. The exclusive distributors provide local supply from warehouses located in Moncton, Montreal, Toronto, Winnipeg, Calgary and Vancouver.

The chart for the Canadian market included in this report has been updated with the best available information. Both the Canadian market and the consumption per household continue to reflect steady growth although still showing substantially below comparable figures for the United Kingdom and the United States.

The outlook for business growth in 1967 is not as good as a year ago and this will affect the demand for carpets. However, the industry has established a good growth pattern, which has in turn attracted new competition into the field. There is an improving relationship of carpet consumption to net disposable income, an increasing consumption per household and a growing population in Canada. These factors, together with more opportunities in the markets outside Canada, justify an aggressive but sound expansion of production facilities. Unless there is a marked downturn in the Canadian economy, which we do not look for, we would expect an increase in sales in 1967.



# CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS



	Years Ended October 31	
	1966	1965
SALES .....	<u>\$22,089,406</u>	<u>\$19,349,860</u>
INCOME FROM OPERATIONS before the undernoted .....	<u>\$ 3,694,511</u>	<u>\$ 3,588,674</u>
LESS: Depreciation .....	\$ 531,107	\$ 425,767
Debenture interest .....	260,136	270,000
Directors' fees .....	8,900	6,583
Income taxes (Note 6)		
Payable currently .....	939,400	1,042,800
Estimated to be payable in future .....	<u>194,000</u>	<u>166,000</u>
	<u>\$ 1,933,543</u>	<u>\$ 1,911,150</u>
NET INCOME for the year .....	\$ 1,760,968	\$ 1,677,524
ADD: Non-recurring profit on sale of investments		
less applicable income taxes .....	<u>163,392</u>	<u>—</u>
Net income for the year and gain on sale of investments .....	\$ 1,924,360	\$ 1,677,524
Retained earnings at beginning of year .....	5,384,616	4,212,183
	<u>\$ 7,308,976</u>	<u>\$ 5,889,707</u>
LESS: Dividends paid common and Class A (1966 — 80¢, 1965 — 65¢) ....	626,310	505,091
RETAINED EARNINGS AT END OF YEAR .....	<u><u>\$ 6,682,666</u></u>	<u><u>\$ 5,384,616</u></u>



# HARDING CARPETS LIMITED

## Assets

	Years Ended October 31	
	1966	1965
CURRENT		
Cash .....	\$ —	\$ 30,877
Short term investments, at cost .....	—	599,181
Accounts receivable, less allowance for doubtful accounts .....	5,232,996	4,532,769
Inventories, valued at the lower of cost and market (Note 2) .....	6,725,074	5,014,643
Prepaid expenses .....	106,686	88,387
TOTAL CURRENT ASSETS .....	\$12,064,756	\$10,265,857
OTHER		
Investment in securities of associated company .....	—	126,663
Cash surrender value of life insurance policies .....	49,701	52,242
Deferred charges (Note 3) .....	82,605	114,806
Special 5% refundable tax .....	33,097	—
	\$ 165,403	\$ 293,711
FIXED (Note 4)		
Land, buildings and equipment, at cost .....	11,242,549	8,525,360
Less: Accumulated depreciation .....	4,791,533	4,578,384
	\$ 6,451,016	\$ 3,946,976
Approved on behalf of the Board:		
C. Malim Harding, Director		
Hugh J. McLaughlin, Director		
	\$18,681,175	\$14,506,544

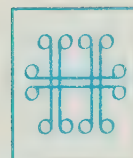
## Auditors' Report

TO THE SHAREHOLDERS OF HARDING CARPETS LIMITED:

We have examined the consolidated balance sheet of Harding Carpets Limited and subsidiary companies as at October 31, 1966 and the consolidated statement of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and retained earnings present fairly the financial position of the companies as





# CONSOLIDATED BALANCE SHEET

## Liabilities

### Years Ended October 31

	1966	1965
CURRENT		
Bank loan .....	\$ 2,170,863	\$ —
Accounts payable and accrued liabilities .....	2,977,843	2,666,217
Accrued income taxes .....	446,407	212,984
Sinking fund debentures maturing within one year .....	200,000	200,000
TOTAL CURRENT LIABILITIES .....	\$ 5,795,113	\$ 3,079,201
FUNDED DEBT (Note 5)		
6% Sinking fund debentures series A, maturing February 15, 1984 .....	4,300,000	4,500,000
Less: Sinking fund debentures maturing within one year .....	200,000	200,000
	\$ 4,100,000	\$ 4,300,000
DEFERRED INCOME TAXES (Note 6) .....	505,000	311,000
SHAREHOLDERS' EQUITY		
Capital Stock		
Common shares without par value and non-voting		
Class A shares with a par value of \$1 each (Note 7)		
Authorized		
Common shares — 500,000 shares		
Class A shares — 1,000,000 shares		
Issued and outstanding		
Common shares — 262,450 shares	1,598,396	1,431,727
Class A shares — 522,275 shares		
Retained earnings .....	6,682,666	5,384,616
	\$ 8,281,062	\$ 6,816,343
	<u>\$18,681,175</u>	<u>\$14,506,544</u>

at October 31, 1966 and the results of their operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also encompassed the consolidated statement of source and use of funds for the year ended October 31, 1966, which in our opinion presents fairly the information shown therein.

Toronto, December 19, 1966

PRICE WATERHOUSE & CO. *Chartered Accountants*



# NOTES TO FINANCIAL STATEMENTS

**Year ended October 31, 1966**

## **Note 1 — CONSOLIDATION**

The consolidated financial statements include the accounts of L. & G. Floor Coverings Ltd., Harding Brantford Limited and Harding Carpets (Collingwood) Limited, wholly-owned subsidiary companies. The latter two companies are entitled to certain special tax allowances under the designated area legislation. The operations of L. & G. Floor Coverings Ltd., which was acquired in 1965, are included for the last six months of 1965 and for the full 12 months in 1966. Harding Carpets (Collingwood) Limited is expected to start operations early in 1967.

## **Note 2 — INVENTORIES**

Valuation at October 31, 1966 at the lower of cost and market is consistent with previous years. This item comprises the following:

Raw Materials . . . . .	\$1,056,818
Goods In Process . . . . .	1,988,368
Finished Goods . . . . .	3,679,888
Total . . . . .	<u>\$6,725,074</u>

## **Note 3 — DEFERRED CHARGES**

This includes debenture issue expenses incurred in 1964 which are being amortized over the five year period, 1964 to 1968 and additional past service pension costs paid for in 1965 which are being amortized over 6 years, 1965 to 1970.

## **Note 4 — FIXED ASSETS**

Expenditures of \$1,400,000 have been made on the Collingwood and L. & G. projects which will not be in operation until 1967. Of the total estimated capital expenditures of \$3,800,000 in 1967, \$3,000,000 will be required to complete these projects.

Since 1963 depreciation has been based on straight line rates which will amortize the costs of the fixed assets over their estimated useful life.

## **Note 5 — FUNDED DEBT**

The sinking fund requirements on the \$4,300,000 twenty-year 6% debentures require payments of

\$200,000 a year leaving a balance of \$900,000 due in 1984.

## **Note 6 — INCOME TAXES**

Income taxes of \$194,000 not currently payable arise as a result of claiming for income tax purposes maximum capital cost allowances which are in excess of depreciation recorded in the accounts. The effective rate of income taxes payable is lower in both 1965 and 1966 due to the non-taxable profits of Harding Brantford Limited.

## **Note 7 — EMPLOYEES' STOCK OPTIONS**

Pursuant to the employees' stock option plan approved by the shareholders in 1960, options on 1,450 Class A shares had not been granted at October 31, 1966. At the same time, options on 50 common shares and 1,225 Class A shares had been granted, but not exercised. Options for 2,525 common shares and 4,075 Class A shares were exercised during the year ended October 31, 1966 for a cash consideration of \$166,669. A new stock option plan was approved by the shareholders in January 1966 whereby options may be granted on 33,000 shares. None of these had been granted to October 31, 1966.

## **Note 8 — PENSION PLAN**

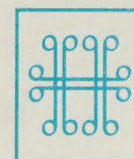
In 1948 the Company introduced its Employees' Pension Plan. This Plan was integrated with the Canada Pension Plan and the Quebec Pension Plan in 1966. Employees contribute 5% of their earnings to these Plans with the Company making up the balance to provide a minimum benefit of 1<sup>3</sup>/<sub>4</sub>% for each year of service.

The Deferred Profit Sharing Plan was introduced in 1960. It is a trustee plan which is paid for completely by the Company and has to date been largely invested in the shares of Harding Carpets Limited.

The Company contributes 10% of net profit after taxes to these plans and guarantees that its contribution will never be less than the employees' contribution. The cost to the Company in 1966 was \$170,986.



# CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS



	Years Ended October 31	
	1966	1965
WORKING CAPITAL AT BEGINNING OF YEAR .....	<u>\$7,186,656</u>	<u>\$6,964,345</u>
SOURCE OF FUNDS		
Net income for the year .....	\$1,760,968	\$1,677,524
Charges not involving current disbursement of funds		
Depreciation .....	531,107	425,767
Deferred income taxes .....	194,000	166,000
Other non-cash items .....	32,201	103,887
Non-recurring profit less applicable income taxes .....	163,392	—
Issue of capital stock .....	166,669	79,762
Disposal of fixed assets .....	9,556	5,264
Decrease (Increase) in other assets .....	96,107	(9,036)
	<u>\$2,954,000</u>	<u>\$2,449,168</u>
USE OF FUNDS		
Expenditures on fixed assets .....	\$3,044,703	\$1,402,429
Dividends paid .....	626,310	505,091
Debentures maturing within one year .....	200,000	200,000
Past service pension payment .....	—	119,337
	<u>\$3,871,013</u>	<u>\$2,226,857</u>
Working capital increase (decrease) .....	<u>\$ (917,013)</u>	<u>\$ 222,311</u>
WORKING CAPITAL AT END OF YEAR .....	<u><u>\$6,269,643</u></u>	<u><u>\$7,186,656</u></u>



# 10 YEAR SUMMARY OF FINANCIAL DATA

(000's omitted)

OPERATING RESULTS	1966	1965	1964
INCOME FROM OPERATIONS .....	\$3,695	\$3,589	\$3,179
Depreciation .....	531	426	335
Debenture interest .....	260	270	203
Amount written off investment .....	—	—	—
Profit before income taxes .....	2,894	2,886	2,635
Income taxes <sup>[1]</sup> .....	1,133	1,209	1,340
NET INCOME .....	\$1,761	\$1,677	\$1,295
Net earnings per common and Class A share <sup>[2]</sup> .....	\$ 2.24	\$ 2.16	\$ 1.65
Dividends paid <sup>[3]</sup> .....	\$ 626	\$ 505	\$ 334
Per preference share <sup>[4]</sup> .....	—	—	5 <sup>3</sup> / <sub>4</sub> %
Per common and Class A share <sup>[2]</sup> .....	\$ 0.80	\$ 0.65	\$ 0.41
RETAINED EARNINGS FOR YEAR <sup>[5]</sup> .....	\$1,298	\$1,172	\$ 961
CAPITAL EXPENDITURES .....	\$3,045	\$1,402	\$ 856
FINANCIAL POSITION			
Current assets .....	\$12,065	\$10,266	\$9,042
Current liabilities .....	5,795	3,079	2,078
WORKING CAPITAL .....	\$ 6,270	\$ 7,187	\$6,964
Inventories .....	6,725	5,015	4,472
Fixed assets (net) .....	6,451	3,947	2,987
Funded debt .....	4,100	4,300	4,500
SHAREHOLDERS' EQUITY .....	\$ 8,281	\$ 6,816	\$5,564
Equity per common and Class A share <sup>[2]</sup> .....	\$ 10.55	\$ 8.76	\$ 7.19
Return on common and Class A shareholders' equity .....	21.3%	24.6%	22.9%

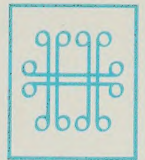
[1] Tax liability reduced in 1965 and 1966 by benefits of designated area legislation.

[2] Adjusted to reflect subdivision of each common share into one common and two Class A shares on March 16, 1964.

[3] Includes stock dividend of \$1,893,750 paid on the common shares in 1962.

[4] Preference shares redeemed February 17, 1964.

[5] For 1966 includes non-recurring profit less applicable income taxes.



## YEARS ENDED OCTOBER 31

1963	1962	1961	1960	1959	1958	1957
\$2,335	\$1,856	\$1,456	\$1,182	\$1,615	\$ 836	\$ 823
375	329	284	230	223	204	233
46	51	56	61	64	51	44
60	60	60	—	—	—	—
1,849	1,411	1,051	882	1,319	572	537
895	699	531	448	667	270	265
\$ 954	\$ 712	\$ 520	\$ 434	\$ 652	\$ 302	\$ 272
\$ 1.12	\$ 0.87	\$ 0.69	\$ 0.58	\$ 0.88	\$ 0.43	\$ 0.38
\$ 183	\$2,089	\$ 175	\$ 175	\$ 120	\$ 129	\$ 141
5 <sup>3</sup> / <sub>4</sub> %	5 <sup>3</sup> / <sub>4</sub> %	—	—	—	—	—
\$ 0.11	\$ 2.69	\$ 0.23	\$ 0.23	\$ 0.17	\$ 0.18	\$ 0.20
\$ 771	\$ 517	\$ 345	\$ 259	\$ 532	\$ 173	\$ 131
\$ 572	\$ 411	\$ 440	\$ 550	\$ 541	\$ 62	\$ 230
\$6,793	\$5,470	\$4,825	\$4,596	\$5,276	\$4,994	\$5,224
3,305	1,617	1,040	977	1,307	1,012	1,949
\$3,488	\$3,853	\$3,785	\$3,619	\$3,969	\$3,982	\$3,275
3,732	3,170	2,921	2,852	2,745	2,750	3,680
2,425	2,233	2,153	2,003	1,685	1,483	1,639
740	860	980	1,100	1,220	1,340	960
\$5,451	\$5,601	\$5,390	\$5,045	\$4,771	\$4,154	\$3,979
\$ 5.91	\$ 4.90	\$ 7.19	\$ 6.73	\$ 6.42	\$ 5.90	\$ 5.65
18.9%	17.7%	9.6%	8.6%	13.7%	7.3%	6.7%

*The cover illustrations of this report were taken from the Company's successful advertising and promotional campaigns in the fall of 1966.*





**HARDING  
CARPETS**



LIMITED